

Senate Study Bill 1274

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON DVORSKY)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the issuance of bonds including the issuance
2 of annual appropriation bonds, creating an annual
3 appropriation bond debt service fund and an appropriation
4 bonds capitals fund, making and revising appropriations, and
5 including effective date provisions.
6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
7 TLSB 2658XC 83
8 rh/rj/5

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1 1 DIVISION I
1 2 APPROPRIATIONS BONDING
1 3 Section 1. NEW SECTION. 12.87 ANNUAL APPROPRIATION
1 4 BONDS.
1 5 1. DEFINITIONS. As used in this section, unless the
1 6 context otherwise requires:
1 7 a. "Annual appropriation bonds" means bonds, notes, or
1 8 other evidences of obligations of the state which may be
1 9 payable during a fiscal year from one or more of the following
1 10 sources, subject to the limitations contained in this section:
1 11 (1) Moneys appropriated by law for the payment of debt
1 12 service due with respect to the annual appropriation bonds
1 13 during that fiscal year.
1 14 (2) Proceeds of the sale of the annual appropriation
1 15 bonds.
1 16 (3) Payments received under authorizing documents and
1 17 other agreements and ancillary arrangements entered into with
1 18 respect to the annual appropriation bonds.
1 19 (4) Investment earnings on amounts described in
1 20 subparagraphs (1) through (3).
1 21 b. "Appropriation" means an act of appropriation by the
1 22 general assembly which has become law by approval of the
1 23 governor or otherwise.
1 24 c. "Authorizing documents" means a trust indenture,
1 25 resolution, or other instrument pursuant to which annual
1 26 appropriation bonds are issued in accordance with the
1 27 provisions of this section and setting forth the terms and
1 28 conditions thereof.
1 29 2. AUTHORIZATION TO ISSUE, SELL, AND REFUND. The
1 30 treasurer of state is authorized to issue and sell annual
1 31 appropriation bonds on behalf of the state to provide funds
1 32 for certain capital projects and other purposes as provided in
1 33 subsection 4 and to refund any annual appropriation bonds
1 34 previously issued, and shall have all powers necessary and
1 35 convenient to carry out the treasurer of state's duties, and
2 1 exercise the treasurer of state's authority, under this
2 2 section.
2 3 3. SERIES AND MAXIMUM PROCEEDS AMOUNT. Annual
2 4 appropriation bonds may be issued and sold in one or more
2 5 series on the terms and conditions the treasurer of state
2 6 determines to be in the best interest of the state, in
2 7 accordance with this section in such amounts as the treasurer
2 8 of state determines to be necessary to fund the purposes for
2 9 which such annual appropriation bonds are issued. The
2 10 treasurer of state may issue annual appropriation bonds in
2 11 amounts which provide aggregate net proceeds of not more than
2 12 one hundred seventy-five million dollars, excluding any annual
2 13 appropriation bonds issued to refund outstanding annual
2 14 appropriation bonds issued under this section.
2 15 4. CAPITAL PROJECTS. The treasurer of state may issue

2 16 annual appropriation bonds as the treasurer of state
2 17 determines necessary or desirable to pay for expenditures for
2 18 capital projects which qualify as vertical infrastructure
2 19 projects as defined in section 8.57, subsection 6, paragraph
2 20 "c", to the extent practicable in any fiscal year and without
2 21 limiting other qualifying capital expenditures considered and
2 22 approved by a constitutional majority of each house of the
2 23 general assembly and the governor and to provide sufficient
2 24 funds for the payment of interest on the annual appropriation
2 25 bonds, the establishment of reserves with respect to the
2 26 annual appropriation bonds, the payment of costs of issuance
2 27 of the annual appropriation bonds, the payment of other
2 28 expenditures of the treasurer of state incident to and
2 29 necessary or convenient in connection with the issuance of the
2 30 annual appropriation bonds, and the payment of all other
2 31 expenditures necessary or convenient to carry out the purposes
2 32 for which the annual appropriation bonds are issued. The
2 33 treasurer of state may enter into or obtain authorizing
2 34 documents and other agreements and ancillary arrangements with
2 35 respect to annual appropriation bonds as the treasurer of
3 1 state determines to be in the best interests of the state,
3 2 including but not limited to trust indentures, liquidity
3 3 facilities, remarketing or dealer agreements, letter of credit
3 4 agreements, insurance policies, guaranty agreements,
3 5 reimbursement agreements, indexing agreements, or interest
3 6 exchange agreements. Any authorizing document or other
3 7 agreement or ancillary arrangements by which any moneys are
3 8 pledged to the payment of annual appropriation bonds shall not
3 9 be required to be recorded or filed under the uniform
3 10 commercial code, chapter 554, to be valid, binding, or
3 11 effective.

3 12 5. FORM AND ATTRIBUTES OF BONDS. Annual appropriation
3 13 bonds shall be:

3 14 a. In a form, issued in denominations, executed in a
3 15 manner, and payable over terms and with rights of redemption,
3 16 and be subject to such other terms and conditions as
3 17 prescribed in their authorizing documents.

3 18 b. Negotiable instruments under the laws of the state and
3 19 may be sold at prices, at public or private sale, and in a
3 20 manner, as prescribed by the treasurer of state. Chapters
3 21 73A, 74, 74A, and 75 do not apply to the sale or issuance of
3 22 the annual appropriation bonds.

3 23 c. Subject to the terms, conditions, and covenants
3 24 providing for the payment of the principal, redemption
3 25 premiums, if any, interest, and other terms, conditions,
3 26 covenants, and protective provisions safeguarding payment, not
3 27 inconsistent with this section and as determined by their
3 28 authorizing documents.

3 29 d. Securities in which public officers and bodies of this
3 30 state; political subdivisions of this state; insurance
3 31 companies and associations and other persons carrying on an
3 32 insurance business; banks, trust companies, savings
3 33 associations, savings and loan associations, and investment
3 34 companies; administrators, guardians, executors, trustees, and
3 35 other fiduciaries; and other persons authorized to invest in
4 1 bonds or other obligations of the state, may properly and
4 2 legally invest funds, including capital, in their control or
4 3 belonging to them.

4 4 6. PROCEEDS INVESTED. Proceeds of annual appropriation
4 5 bonds not required for immediate disbursement may be deposited
4 6 with the treasurer of state or a trustee, paying agent, escrow
4 7 agent, or depository as provided in the authorizing documents
4 8 and may be invested or reinvested in any investment as
4 9 directed by the treasurer of state and specified in such
4 10 authorizing documents without regard to any limitation
4 11 otherwise provided by law.

4 12 7. BONDS PAYABLE FROM DEBT SERVICE == NOT DEBT OF STATE.

4 13 Annual appropriation bonds are payable in any fiscal year
4 14 solely and only out of the moneys, assets, or revenues
4 15 appropriated for such purposes by law for that fiscal year,
4 16 all of which amounts, once appropriated, shall be deposited
4 17 into the annual appropriation bonds debt service fund and used
4 18 or transferred as provided in this section to pay debt service
4 19 due with respect to annual appropriation bonds during the
4 20 fiscal year for which such amounts are appropriated. Annual
4 21 appropriation bonds are not an obligation, indebtedness, or
4 22 debt of the state, or a charge against the general credit or
4 23 general fund of the state, and the state shall not be liable
4 24 for the payment of any amounts due under any annual
4 25 appropriation bonds except from moneys appropriated by law for
4 26 the payment thereof as provided under this section. The

4 27 annual appropriation bonds are not secured by any pledge of
4 28 the faith and credit or the taxing powers of the state.
4 29 Annual appropriation bonds shall not directly or indirectly
4 30 obligate the state to make payments thereon beyond any fiscal
4 31 year for which sufficient funds have been appropriated by law
4 32 for such purpose.

4 33 8. BONDS PAYABLE ONLY FROM FISCAL YEAR APPROPRIATIONS ==
4 34 SUBJECT TO NONAPPROPRIATION. In the event that funds are not
4 35 appropriated for any fiscal year in an amount sufficient to
5 1 make the payments of principal and interest and any other
5 2 amounts due under the annual appropriation bonds during such
5 3 fiscal year all of the following shall apply:
5 4 a. The state's obligations under the annual appropriation
5 5 bonds shall terminate and become null and void on the last day
5 6 of the fiscal year for which funds were appropriated in an
5 7 amount sufficient to make the payments of principal and
5 8 interest and any other amounts due under the annual
5 9 appropriation bonds for such fiscal year.

5 10 b. The state shall not be obligated to make payment from
5 11 any source of any amounts due under the annual appropriation
5 12 bonds beyond those amounts for which an appropriation has
5 13 previously been made.

5 14 c. The state shall not be liable to the holders of the
5 15 annual appropriation bonds or any other person for any
5 16 remaining amounts due under the annual appropriation bonds or
5 17 for any costs, damages, or expenses incurred by the holders of
5 18 the annual appropriation bonds or any other person as a result
5 19 of such failure to appropriate. Annual appropriation bonds,
5 20 the repayment thereof and any reserve and debt service funds
5 21 established with respect thereto shall be subject to
5 22 nonappropriation. Annual appropriation bonds issued under
5 23 this section shall contain a conspicuous statement of the
5 24 limitations established in this subsection.

5 25 9. ESSENTIAL PURPOSE == TAX EXEMPT. Annual appropriation
5 26 bonds issued under this section are declared to be issued for
5 27 an essential public and governmental purpose and all annual
5 28 appropriation bonds issued under this section shall be exempt
5 29 from taxation by the state of Iowa and the interest on the
5 30 annual appropriation bonds shall be exempt from the state
5 31 income tax and the state inheritance tax.

5 32 10. TREASURER'S CERTIFICATE OF NECESSARY APPROPRIATIONS.
5 33 In order to better provide for the budgeting and appropriation
5 34 of sufficient amounts to make the payments due with respect to
5 35 annual appropriation bonds in any fiscal year and to fund or
6 1 restore reserve funds established with respect to annual
6 2 appropriation bonds, if any, the treasurer of state shall, on
6 3 or before January 1 of each calendar year, make and deliver to
6 4 the governor and to both houses of the general assembly the
6 5 treasurer of state's certificate that includes all of the
6 6 following:

6 7 a. A statement of the amount required to make the payments
6 8 due with respect to annual appropriation bonds in the next
6 9 succeeding fiscal year and the amount, if any, required to
6 10 fund or restore any reserve fund to the reserve fund
6 11 requirement for that reserve fund.

6 12 b. A request that budget and appropriation bills approved
6 13 for such fiscal year include amounts sufficient to make the
6 14 payments due with respect to annual appropriation bonds during
6 15 that fiscal year and to fund or restore any reserve fund to
6 16 the reserve fund requirement for that reserve fund.

6 17 11. APPROPRIATIONS PAYABLE TO TREASURER. Any amounts
6 18 appropriated by law from the general fund of the state or any
6 19 other legally available funds to make the payments due with
6 20 respect to annual appropriation bonds for a fiscal year shall
6 21 be paid to the treasurer of state on or after the first
6 22 business day of such fiscal year in as many installments as
6 23 are needed to accumulate the total amount so appropriated as
6 24 soon as funds become legally available and such amounts, as
6 25 received, shall be deposited by the treasurer of state in the
6 26 annual appropriation bonds debt service fund.

6 27 12. RESERVE FUND APPROPRIATIONS PAYABLE TO TREASURER. Any
6 28 amounts appropriated by law to fund or restore a reserve fund
6 29 shall be paid to the treasurer of state as soon as funds
6 30 become legally available and shall be deposited by the
6 31 treasurer of state in the applicable reserve fund. For any
6 32 fiscal year for which amounts have been lawfully appropriated
6 33 in an amount sufficient to make payment of principal and
6 34 interest and any other amounts due with respect to annual
6 35 appropriation bonds for such fiscal year, to the extent that
7 1 appropriated funds have not become fully available so that
7 2 amounts deposited into the annual appropriation bonds debt

7 3 service fund are not sufficient to make such payment when due,
7 4 any moneys on deposit in a reserve fund established with
7 5 respect to the annual appropriation bonds may be transferred
7 6 to the annual appropriation bonds debt service fund and used
7 7 to make such payments, subject to the provisions of this
7 8 section.

7 9 13. BOND ISSUANCE FOR REFUNDING. The treasurer of state
7 10 may from time to time issue annual appropriation bonds for the
7 11 purpose of refunding any annual appropriation bonds then
7 12 outstanding, including the payment of any redemption premiums
7 13 thereon and any interest accrued or to accrue to the date of
7 14 redemption of the outstanding annual appropriation bonds.
7 15 Until the proceeds of annual appropriation bonds issued for
7 16 the purpose of refunding outstanding annual appropriation
7 17 bonds are applied to the purchase or retirement of outstanding
7 18 annual appropriation bonds or the redemption of outstanding
7 19 annual appropriation bonds, the proceeds may be placed in
7 20 escrow and be invested and reinvested in accordance with the
7 21 provisions of this section, the authorizing documents, and any
7 22 applicable escrow agreement. The interest, income, and
7 23 profits earned or realized on an investment may also be
7 24 applied to the payment of the outstanding annual appropriation
7 25 bonds to be refunded by purchase, retirement, or redemption.
7 26 After the terms of the escrow agreement have been fully
7 27 satisfied and carried out, any balance of proceeds and
7 28 interest earned or realized on the investments shall be
7 29 returned to the general fund of the state. All refunding
7 30 annual appropriation bonds shall be issued and subject to the
7 31 provisions of this section in the same manner and to the same
7 32 extent as other annual appropriation bonds issued pursuant to
7 33 this section.

7 34 14. INTENT OF GENERAL ASSEMBLY TO MAKE APPROPRIATIONS ==
7 35 NOT LEGAL OBLIGATION.

8 1 a. It is the intent of the general assembly that the
8 2 general assembly make timely appropriations from moneys in the
8 3 general fund of the state or any other legally available funds
8 4 that are sufficient to do all of the following:

8 5 (1) Pay the principal and interest due with respect to any
8 6 annual appropriation bonds in any fiscal year.

8 7 (2) Make payments of the state under authorizing documents
8 8 and other agreements and ancillary arrangements entered into
8 9 with respect to the annual appropriation bonds.

8 10 (3) Make deposits into any reserve funds created for the
8 11 annual appropriation bonds.

8 12 b. This section does not create and shall not be construed
8 13 as creating a general, legal, or enforceable obligation of the
8 14 general assembly to appropriate any moneys for any fiscal year
8 15 for any of the foregoing purposes and the decision to
8 16 appropriate such moneys for any fiscal year shall be at the
8 17 complete discretion of the then current general assembly and
8 18 governor who shall have the final responsibility for making
8 19 such decisions.

8 20 15. PERSONAL LIABILITY. Neither the treasurer of state
8 21 nor any person acting on behalf of the treasurer of state,
8 22 while acting within the scope of their employment or agency,
8 23 is subject to personal liability resulting from carrying out
8 24 the powers and duties conferred by this section.

8 25 16. NOT SUBJECT TO UNIFORM REDUCTION. Amounts
8 26 appropriated pursuant to this section are not subject to a
8 27 uniform reduction in accordance with section 8.31.

8 28 Sec. 2. NEW SECTION. 12.88 ANNUAL APPROPRIATION BONDS
8 29 DEBT SERVICE FUND AND RESERVE FUNDS.

8 30 1. DEBT SERVICE FUND. An annual appropriation bonds debt
8 31 service fund is created and established as a separate and
8 32 distinct fund in the state treasury. Any amounts lawfully
8 33 appropriated to make payments due with respect to annual
8 34 appropriation bonds for a fiscal year shall be deposited into
8 35 the annual appropriation bonds debt service fund and are
9 1 appropriated to the treasurer of state to be used by the
9 2 treasurer of state or transferred to a trustee, paying agent,
9 3 escrow agent, or depository as provided in the authorizing
9 4 documents to be used to make payments due with respect to the
9 5 annual appropriation bonds for that fiscal year.

9 6 2. RESERVE FUND. The treasurer of state may create one or
9 7 more reserve funds with respect to the annual appropriation
9 8 bonds to be used for the purposes consistent with section
9 9 12.87. Moneys credited to any reserve fund established with
9 10 respect to annual appropriation bonds, excluding the annual
9 11 appropriations debt service fund, are not subject to section
9 12 8.33.

9 13 3. INTEREST AND EARNINGS. Notwithstanding section 12C.7,

9 14 subsection 2, interest or earnings on moneys in the fund or
9 15 any reserve funds established with respect to annual
9 16 appropriation bonds shall be credited to the applicable fund
9 17 or reserve fund.

9 18 Sec. 3. NEW SECTION. 12.89 APPROPRIATION BONDS CAPITALS
9 19 FUND.

9 20 1. CAPITALS FUND. An appropriation bonds capitals fund is
9 21 created as a separate fund in the state treasury. Moneys in
9 22 the fund shall not be subject to appropriation for any other
9 23 purpose by the general assembly, but shall be used only for
9 24 the purposes of the appropriation bonds capitals fund.

9 25 2. BOND PROCEEDS. Revenue for the fund shall consist of
9 26 the net proceeds from the bonds issued pursuant to section
9 27 12.87.

9 28 3. CAPITAL PROJECTS. Moneys in the fund in a fiscal year
9 29 shall be used as appropriated by the general assembly for
9 30 capital projects that qualify as vertical infrastructure
9 31 projects as defined in section 8.57, subsection 6, paragraph
9 32 "c", to the extent practicable in any fiscal year and without
9 33 limiting other qualifying capital expenditures considered and
9 34 approved by a constitutional majority of each house of the
9 35 general assembly and the governor.

10 1 4. INTEREST AND EARNINGS. Moneys credited to the fund are
10 2 not subject to section 8.33. Notwithstanding section 12C.7,
10 3 subsection 2, interest or earnings on moneys in the fund shall
10 4 be credited to the fund.

10 5 5. PROJECT REPORTS. Annually, on or before January 15 of
10 6 each year, a state agency that received an appropriation from
10 7 the appropriation bonds capitals fund shall report to the
10 8 legislative services agency and the department of management
10 9 the status of all projects completed or in progress. The
10 10 report shall include a description of the project, the work
10 11 completed, the total estimated cost of the project, a list of
10 12 all revenue sources being used to fund the project, the amount
10 13 of funds expended, the amount of funds obligated, and the date
10 14 the project was completed or an estimated completion date of
10 15 the project, where applicable.

10 16 Sec. 4. EFFECTIVE DATE. This division of this Act, being
10 17 deemed of immediate importance, takes effect upon enactment.

10 18 DIVISION II
10 19 REGENTS BONDING

10 20 Sec. 5. 2004 Iowa Acts, chapter 1175, section 277, is
10 21 amended by adding the following new subsection:

10 22 NEW SUBSECTION. 5. DEFINITION. For purposes of
10 23 subsection 3, paragraph "b", "project" means the same as
10 24 defined in section 262A.2, subsection 6, and includes the
10 25 construction of replacement facilities and flood recovery and
10 26 flood mitigation expenses resulting from a disaster in an area
10 27 included in a proclamation of disaster emergency in accordance
10 28 with section 29C.6.

10 29 Sec. 6. 2007 Iowa Acts, chapter 205, section 1, is amended
10 30 by adding the following new subsection:

10 31 NEW SUBSECTION. 4. DEFINITION. For purposes of
10 32 subsection 2, paragraph "a", "project" means the same as
10 33 defined in section 262A.2, subsection 6, and includes the
10 34 construction of replacement facilities and flood recovery and
10 35 flood mitigation expenses resulting from a disaster in an area
11 1 included in a proclamation of disaster emergency in accordance
11 2 with section 29C.6.

11 3 Sec. 7. EFFECTIVE DATE. This division of this Act, being
11 4 deemed of immediate importance, takes effect upon enactment.

11 5 DIVISION III
11 6 CHANGES TO PRIOR APPROPRIATIONS

11 7 Sec. 8. 2008 Iowa Acts, chapter 1179, section 18,
11 8 unnumbered paragraph 1, is amended to read as follows:

11 9 There is appropriated from the ~~FY 2009 tax-exempt bond~~
~~11 10 proceeds restricted capital funds account of the tobacco~~
~~11 11 settlement trust fund appropriation bonds capitals fund~~
11 12 pursuant to section ~~12E.12, subsection 1, paragraph "b",~~
~~11 13 subparagraph (1A) 12.89, as if enacted in this Act by the~~
~~11 14 Eighty-third General Assembly, 2009 Session,~~ to the following
11 15 departments and agencies for the fiscal year beginning July 1,
11 16 2008, and ending June 30, 2009, the following amounts, or so
11 17 much thereof as is necessary, to be used for the purposes
11 18 designated:

11 19 Sec. 9. 2008 Iowa Acts, chapter 1179, section 18,
11 20 subsection 1, paragraphs b through k, are amended to read as
11 21 follows:

11 22 b. For renovations to the capitol complex utility tunnel
11 23 system:

11 24 \$ 4,763,078

11 25 1,000,000
11 26 c. For costs associated with capitol interior and exterior
11 27 restoration:
11 28 \$ 6,900,000
11 29 d. For upgrades to the electrical distribution system
11 30 serving the capitol complex:
11 31 ~~4,470,000~~
11 32 850,000
11 33 e. For heating, ventilating, and air conditioning
11 34 improvements in the Hoover state office building:
11 35 \$ 1,500,000
12 1 f. For costs associated with the central energy plant
12 2 addition and improvements:
12 3 \$ 623,000
12 4 g. For building security and firewall protection in the
12 5 Hoover state office building:
12 6 \$ 165,000
12 7 h. For projects related to major repairs and major
12 8 maintenance for state buildings and facilities under the
12 9 purview of the department:
12 10 \$ 15,000,000
12 11 Of the amount appropriated in this lettered paragraph, up
12 12 to \$1,000,000 may be used for demolition purposes.
12 13 i. For the purchase of Mercy capitol hospital:
12 14 ~~3,400,000~~
12 15 3,950,000
12 16 It is the intent of the general assembly that the
12 17 department will use other appropriations made or other funds
12 18 available to the department for the acquisition of buildings
12 19 to complete the purchase of this building.
12 20 j. For capital improvements at the civil commitment unit
12 21 for a sexual offenders facility at Cherokee:
12 22 \$ 829,000
12 23 k. For costs associated with the restoration and
12 24 renovation, including major repairs and major maintenance, at
12 25 the governor's mansion at Terrace Hill:
12 26 \$ 769,543
12 27 Sec. 10. 2008 Iowa Acts, chapter 1179, section 18,
12 28 subsections 2 through 9, are amended to read as follows:
12 29 2. DEPARTMENT FOR THE BLIND
12 30 For costs associated with the renovation of dormitory
12 31 buildings:
12 32 \$ 869,748
12 33 3. DEPARTMENT OF CORRECTIONS
12 34 a. For expansion of the community-based corrections
12 35 facility at Sioux City:
13 1 \$ 5,300,000
13 2 b. For expansion of the community-based corrections
13 3 facility at Ottumwa:
13 4 \$ 4,100,000
13 5 c. For expansion of the community-based corrections
13 6 facility at Waterloo:
13 7 \$ 6,000,000
13 8 d. For expansion of the community-based corrections
13 9 facility at Davenport:
13 10 \$ 2,100,000
13 11 e. For expansion, including land acquisition, of the
13 12 community-based corrections facility at Des Moines:
13 13 \$ 18,100,000
13 14 It is the intent of the general assembly that the funds
13 15 appropriated in paragraphs "a" through "~~e~~" "e" be used to
13 16 expand the number of beds available through new construction
13 17 and remodeling and not for replacement of existing facilities.
13 18 ~~d.~~ f. For expansion of the Iowa correctional facility for
13 19 women at Mitchellville:
13 20 \$ 47,500,000
13 21 ~~e.~~ g. For the remodeling of kitchens at the correctional
13 22 facilities at Mount Pleasant and Rockwell City:
13 23 \$ 12,500,000
13 24 4. DEPARTMENT OF EDUCATION
13 25 For major renovation and major repair needs, including
13 26 health, life, and fire safety needs, and for compliance with
13 27 the federal Americans With Disabilities Act, for state
13 28 buildings and facilities under the purview of the community
13 29 colleges:
13 30 \$ 2,000,000
13 31 The moneys appropriated in this subsection shall be
13 32 allocated to the community colleges based upon the
13 33 distribution formula established in section 260C.18C.
13 34 5. DEPARTMENT OF NATURAL RESOURCES
13 35 a. For infrastructure improvements for a state river

14 1 recreation area located in a county with a population between
14 2 21,900 and 22,100:
14 3 \$ 750,000
14 4 b. For the construction and installation of an angled
14 5 well, pumps, and piping to connect the existing infrastructure
14 6 from the new well to a lake located in a county with a
14 7 population between 87,500 and 88,000:
14 8 \$ 500,000
14 9 Moneys appropriated in this lettered paragraph are
14 10 contingent upon receipt of matching funds from a state taxing
14 11 authority surrounding such lake.
14 12 ~~c. For the construction of the cabins, activity building,~~
~~14 13 picnic shelters, and other costs associated with the opening~~
~~14 14 of the Honey creek premier destination park:~~
14 15 ~~\$ 4,900,000~~
14 16 ~~The department shall not obligate any funding under this~~
~~14 17 appropriation without approval from the department of~~
~~14 18 management. The department shall provide quarterly updates to~~
~~14 19 the Honey creek premier destination park authority and the~~
~~14 20 legislative services agency on the obligation and spending of~~
~~14 21 this appropriation.~~
14 22 ~~In light of this appropriation, the department shall not~~
~~14 23 request additional appropriations for funding the construction~~
~~14 24 of future additional amenities at the Honey creek destination~~
~~14 25 park beyond the fiscal year ending June 30, 2009. In the~~
~~14 26 event that the chairperson of the authority delivers a~~
~~14 27 certificate to the governor, pursuant to section 463C.13,~~
~~14 28 stating the amounts necessary to restore bond reserve funds,~~
~~14 29 it is the general assembly's intent upon consideration of the~~
~~14 30 governor's request to first seek refunding from the~~
~~14 31 department's budget.~~
14 32 ~~d. c.~~ For implementation of lake projects that have
14 33 established watershed improvement initiatives and community
14 34 support in accordance with the department's annual lake
14 35 restoration plan and report, notwithstanding section 8.57,
15 1 subsection 6, paragraph "c":
15 2 \$ 8,600,000
15 3 (1) It is the intent of the general assembly that the
15 4 department of natural resources shall implement the lake
15 5 restoration annual report and plan submitted to the joint
15 6 appropriations subcommittee on transportation, infrastructure,
15 7 and capitals and the legislative services agency on December
15 8 26, 2006, pursuant to section 456A.33B. The lake restoration
15 9 projects that are recommended by the department to receive
15 10 funding for fiscal year 2007=2008 and that satisfy the
15 11 criteria in section 456A.33B, including local commitment of
15 12 funding for the projects, shall be funded in the amounts
15 13 provided in the report.
15 14 Of the amounts appropriated in this lettered paragraph, at
15 15 least the following amounts shall be allocated as follows:
15 16 (a) For clear lake in Cerro Gordo county:
15 17 \$ 3,000,000
15 18 (b) For storm lake in Buena Vista county:
15 19 \$ 1,000,000
15 20 (c) For carter lake in Pottawattamie county:
15 21 \$ 200,000
15 22 (2) Of the moneys appropriated in this lettered paragraph,
15 23 \$200,000 shall be used for the purposes of supporting a low
15 24 head dam public hazard improvement program. The moneys shall
15 25 be used to provide grants to local communities, including
15 26 counties and cities, for projects approved by the department.
15 27 (a) The department shall award grants to dam owners
15 28 including counties, cities, state agencies, cooperatives, and
15 29 individuals, to support projects approved by the department.
15 30 (b) The department shall require each dam owner applying
15 31 for a project grant to submit a project plan for the
15 32 expenditure of the moneys, and file a report with the
15 33 department regarding the project, as required by the
15 34 department.
15 35 (c) The funds can be used for signs, posts, and related
16 1 cabling, and the department shall only award money on a
16 2 matching basis, pursuant to the dam owner contributing at
16 3 least 20 cents for every 80 cents awarded by the department,
16 4 in order to finance the project. For the remainder of the
16 5 funds, including any balance of money not awarded for signs,
16 6 posts, and related cabling, the department shall only award
16 7 moneys to a dam owner on a matching basis. A dam owner shall
16 8 contribute one dollar for each dollar awarded by the
16 9 department in order to finance a project.
16 10 6. STATE BOARD OF REGENTS
16 11 For infrastructure, deferred maintenance, and equipment

16 12 related to Iowa public radio:
 16 13 \$ 2,000,000
 16 14 7. IOWA STATE FAIR
 16 15 For infrastructure improvements to the Iowa state
 16 16 fairgrounds including but not limited to the construction of
 16 17 an agricultural exhibition center on the Iowa state
 16 18 fairgrounds:
 16 19 \$ ~~5,000,000~~
 16 20 8,000,000
 16 21 8. DEPARTMENT OF TRANSPORTATION
 16 22 a. For deposit into the public transit infrastructure
 16 23 grant fund created in section 324A.6A:
 16 24 \$ 2,200,000
 16 25 b. For infrastructure improvements at the commercial
 16 26 service airports within the state:
 16 27 \$ 1,500,000
 16 28 Fifty percent of the funds appropriated in this lettered
 16 29 paragraph shall be allocated equally between each commercial
 16 30 air service airport, forty percent of the funds shall be
 16 31 allocated based on the percentage that the number of enplaned
 16 32 passengers at each commercial air service airport bears to the
 16 33 total number of enplaned passengers in the state during the
 16 34 previous fiscal year, and ten percent of the funds shall be
 16 35 allocated based on the percentage that the air cargo tonnage
 17 1 at each commercial air service airport bears to the total air
 17 2 cargo tonnage in the state during the previous fiscal year.
 17 3 In order for a commercial air service airport to receive
 17 4 funding under this lettered paragraph, the airport shall be
 17 5 required to submit applications for funding of specific
 17 6 projects to the department for approval by the state
 17 7 transportation commission.
 17 8 9. DEPARTMENT OF VETERANS AFFAIRS
 17 9 ~~a.~~ For matching funds for the construction of resident
 17 10 living areas at the Iowa veterans home and related
 17 11 improvements associated with the Iowa veterans home
 17 12 comprehensive plan:
 17 13 \$ 20,555,329
 17 14 ~~b. To build a memorial plaza that honors veterans from the~~
 17 15 ~~Dubuque area.~~
 17 16 ~~\$ 100,000~~
 17 17 Sec. 11. 2008 Iowa Acts, chapter 1179, sections 19 and 20,
 17 18 are amended to read as follows:
 17 19 SEC. 19. TAX=EXEMPT STATUS == USE OF APPROPRIATIONS.
 17 20 Payment of moneys from the appropriations in this division of
 17 21 this Act shall be made in a manner that does not adversely
 17 22 affect the tax-exempt status of any outstanding bonds issued
 17 23 by the ~~tobacco settlement authority~~ treasurer of state.
 17 24 SEC. 20. REVERSION. Notwithstanding section 8.33, moneys
 17 25 appropriated in this division of this Act for the fiscal year
 17 26 beginning July 1, 2008, and ending June 30, 2009, shall not
 17 27 revert at the close of the fiscal year for which they are
 17 28 appropriated but shall remain available for the purposes
 17 29 designated until the close of the fiscal year that begins July
 17 30 1, ~~2011~~ 2012, or until the project for which the appropriation
 17 31 was made is completed, whichever is earlier.
 17 32 Sec. 12. EFFECTIVE DATE. This division of this Act, being
 17 33 deemed of immediate importance, takes effect upon enactment.
 17 34 EXPLANATION
 17 35 This bill relates to the issuance of bonds including the
 18 1 issuance of annual appropriation bonds, creates an annual
 18 2 appropriation bond debt service fund and an annual
 18 3 appropriation bond capitals fund, makes and revises
 18 4 appropriations, and provides effective dates.
 18 5 ANNUAL APPROPRIATIONS BONDING. This division authorizes
 18 6 the treasurer of state to issue and sell annual appropriation
 18 7 bonds on behalf of the state to provide funds for certain
 18 8 capital projects which qualify as vertical infrastructure
 18 9 projects as defined in Code section 8.57, subsection 6,
 18 10 paragraph "c", to the extent practicable in any fiscal year
 18 11 and without limiting other qualifying capital expenditures as
 18 12 approved by the general assembly and the governor. The
 18 13 treasurer may issue annual appropriation bonds in amounts
 18 14 which provide aggregate net proceeds of not more than \$175
 18 15 million, excluding any annual appropriation bonds issued to
 18 16 refund outstanding annual appropriation bonds issued under
 18 17 this division.
 18 18 The division provides that annual appropriation bonds may
 18 19 be payable in any fiscal year solely and only out of the
 18 20 moneys, assets, or revenues appropriated for such purposes by
 18 21 law for that fiscal year, all of which amounts, once
 18 22 appropriated, shall be deposited into the annual appropriation

18 23 bonds debt service fund created in the division and used or
18 24 transferred to pay debt service due with respect to annual
18 25 appropriation bonds during the fiscal year for which such
18 26 amounts are appropriated. Annual appropriation bonds are not
18 27 an obligation, indebtedness, or debt of the state, or a charge
18 28 against the general credit or general fund of the state, and
18 29 the state shall not be liable for the payment of any amounts
18 30 due under any annual appropriation bonds except from moneys
18 31 appropriated by law for the payment thereof as provided under
18 32 this division. The annual appropriation bonds are not secured
18 33 by any pledge of the faith and credit or the taxing powers of
18 34 the state. Annual appropriation bonds shall not directly or
18 35 indirectly obligate the state to make payments thereon beyond
19 1 any fiscal year for which sufficient funds have been
19 2 appropriated by law for such purpose.

19 3 The division provides that in the event that funds are not
19 4 appropriated for any fiscal year in an amount sufficient to
19 5 make the payments of principal and interest and any other
19 6 amounts due under the annual appropriation bonds during such
19 7 fiscal year, the state's obligations under the annual
19 8 appropriation bonds shall terminate and become null and void
19 9 on the last day of the fiscal year for which funds were
19 10 appropriated in an amount sufficient to make the payments of
19 11 principal and interest and any other amounts due under the
19 12 annual appropriation bonds for such fiscal year, the state
19 13 shall not be obligated to make payment from any source of any
19 14 amounts due under the annual appropriation bonds beyond those
19 15 amounts for which an appropriation has previously been made,
19 16 and the state shall not be liable to the holders of the annual
19 17 appropriation bonds or any other person for any remaining
19 18 amounts due under the annual appropriation bonds or for any
19 19 costs, damages, or expenses incurred by the holders of the
19 20 annual appropriation bonds or any other person as a result of
19 21 such failure to appropriate. Annual appropriation bonds shall
19 22 be subject to nonappropriation.

19 23 The division requires the treasurer of state to make and
19 24 present the treasurer's certificate to the general assembly
19 25 and the governor that includes a statement of the amount
19 26 required to make the payments due with respect to annual
19 27 appropriation bonds in the next succeeding fiscal year and the
19 28 amount, if any, required to fund or restore any reserve fund
19 29 to the reserve fund requirement for that fund, and a request
19 30 that budget and appropriation bills approved for such fiscal
19 31 year include amounts sufficient to make the payments due with
19 32 respect to annual appropriation bonds during that fiscal year
19 33 and to fund or restore any reserve fund to the reserve fund
19 34 requirement for that reserve fund.

19 35 The division specifies that it is the intent of the general
20 1 assembly that the general assembly make timely appropriations
20 2 from moneys in the general fund of the state or any other
20 3 legally available funds that are sufficient to do all of the
20 4 following: pay the principal and interest due with respect to
20 5 any annual appropriation bonds in any fiscal year; make
20 6 payments of the state under authorizing documents and other
20 7 agreements and ancillary arrangements entered into with
20 8 respect to the annual appropriation bonds; and make deposits
20 9 into reserve funds created for the annual appropriation bonds;
20 10 provided, however, that this does not create and shall not be
20 11 construed as creating a general, legal, or enforceable
20 12 obligation of the general assembly to appropriate any moneys
20 13 for any fiscal year for any of the foregoing purposes and the
20 14 decision to appropriate such moneys for any fiscal year shall
20 15 be at the complete discretion of the then current general
20 16 assembly and governor who shall have the final responsibility
20 17 for making such decisions. Neither the treasurer of state nor
20 18 any person acting on behalf of the treasurer of state, while
20 19 acting within the scope of their employment or agency, is
20 20 subject to personal liability resulting from carrying out the
20 21 powers and duties conferred by this division. Amounts
20 22 appropriated are not subject to a uniform reduction in
20 23 accordance with Code section 8.31.

20 24 The division creates an annual appropriation bonds debt
20 25 service fund as a separate and distinct fund in the state
20 26 treasury. Any amounts lawfully appropriated to make payments
20 27 due with respect to annual appropriation bonds for a fiscal
20 28 year shall be deposited into the annual appropriation bonds
20 29 debt service fund and used by the treasurer of state or
20 30 transferred to a trustee, paying agent, escrow agent, or
20 31 depository as provided in the authorizing documents to be used
20 32 to make payments due with respect to the annual appropriation
20 33 bonds for that fiscal year.

20 34 The division creates an appropriation bonds capitals fund
20 35 as a separate fund in the state treasury to be used only for
21 1 the purposes of the appropriation bonds capitals fund.
21 2 Revenue for the fund shall consist of the net proceeds from
21 3 the bonds issued. Moneys in the fund in a fiscal year shall
21 4 be used as appropriated by the general assembly for capital
21 5 projects that qualify as vertical infrastructure projects as
21 6 defined in Code section 8.57, subsection 6, paragraph "c", to
21 7 the extent practicable in any fiscal year and without limiting
21 8 other qualifying capital expenditures considered and approved
21 9 by the general assembly and the governor. Annually, on or
21 10 before January 15 of each year, a state agency that received
21 11 an appropriation from the appropriation bonds capitals fund
21 12 shall report to the legislative services agency and the
21 13 department of management the status of all projects completed
21 14 or in progress.
21 15 The division takes effect upon enactment.
21 16 REGENTS BONDING. This division modifies prior legislation
21 17 authorizing the state board of regents to borrow moneys and
21 18 issue revenue bonds to finance the costs of certain building
21 19 and facility improvement programs. The division establishes
21 20 that for purposes of legislation enacted in 2004 and 2007, the
21 21 definition of "projects" is the same as provided in Code
21 22 section 262A.2 and includes the construction of replacement
21 23 facilities and flood recovery and flood mitigation expenses
21 24 resulting from a disaster in an area included in a
21 25 proclamation of disaster emergency issued by the governor.
21 26 The division takes effect upon enactment.
21 27 CHANGES TO PRIOR APPROPRIATIONS. This division replaces
21 28 the appropriations made for project funding for FY 2008=2009
21 29 from the FY 2009 tax=exempt restricted capitals fund account
21 30 established in Code section 12E.12 with appropriations from
21 31 the appropriation bonds capitals fund created in Code section
21 32 12.89 of the division for the departments of administrative
21 33 services, corrections, education, natural resources,
21 34 transportation, and veterans affairs, the department for the
21 35 blind, Iowa state fair, and the state board of regents, and,
22 1 except for certain appropriations made to the departments of
22 2 administrative services, corrections, natural resources, and
22 3 veterans affairs, appropriates moneys for the same fiscal year
22 4 for the same departments and the same projects.
22 5 The division takes effect upon enactment.
22 6 LSB 2658XC 83
22 7 rh/rj/5